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Asset Valuation Solutions

BEFORE YOU TRUST AN ONLINE PROPERTY VALUE...

THE NUMBER LOOKS PRECISE. BUT WHO WILL DEFEND IT?

Why AI and online estimates cannot replace a licensed appraisal

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WHEN AN ONLINE ESTIMATE IS NOT AN APPRAISAL

Why AI and automated property estimates can inform—but cannot replace—the professional judgment and accountability of a licensed appraiser.

A model can generate a number. A licensed appraiser must explain—and defend—an opinion.

Prepared By Cuervo Appraisers, Inc.

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CUERVO APPRAISERS, INC.
info@cuervoappraisers.com.ph | www.cuervoappraisers.com.ph

THE DISTINCTION IN 30 SECONDS

ONLINE ESTIMATE	LICENSED APPRAISAL
A fast model-generated indication based on available variables and data.	A defined professional assignment for a specific property, purpose, date and basis of value.
Useful for early orientation and broad screening.	Built on verified property and market evidence, professional judgment and transparent reporting.
The output may be anonymous and its assumptions may not be visible.	An identifiable licensed professional accepts responsibility for the opinion.

Use the estimate to ask questions. Use the appraisal to make consequential decisions.

This article is pro-technology and pro-accountability.

The Five-Second Property Value

A property owner enters an address, land area and property type into a website. Within seconds, the screen displays a value—perhaps **₱28,500,000**—with the clean typography and numerical precision of an official result.

The experience is persuasive because it is fast, specific and effortless. Yet the number may reveal very little about what was actually valued, which evidence was used, what assumptions were made or how uncertain the result may be.

The central public-interest issue is not whether artificial intelligence can calculate a property estimate. It can. Automated valuation models, online databases and AI systems can process large datasets, identify patterns, retrieve property information and perform calculations far faster than manual methods.

The important distinction is this:

An automated estimate is information. A professional appraisal is an accountable opinion developed for a defined purpose, date, asset and basis of value.

International valuation bodies do not require professionals to reject technology. They require professionals to remain responsible for how technology is used. IVSC states that AI can be a powerful tool that supports valuers, but cannot replace them; professional judgment and professional scepticism remain essential to an IVS-compliant valuation.[1] RICS takes the same practical position: an AVM, software or AI-assisted output is only regarded as a written valuation under its standards after a valuer has applied professional judgment in accordance with the mandatory requirements.[3] [4]

In the Philippines, the distinction has an additional statutory dimension. Republic Act No. 9646 regulates professional real estate appraisal and defines a real estate appraiser as a duly registered and licensed natural person who, for professional consideration, estimates and arrives at an opinion of real estate value and finally renders that service through an acceptable written report.[6]

The technology can be useful. **The professional remains accountable.**

1. Estimate, Information or Appraisal?

People commonly use the words *price*, *estimate*, *valuation* and *appraisal* as if they mean the same thing. They do not.

Output	What it can tell you	What it does not automatically establish
Property information	Zonal classification, tax declaration data, listing details, lot area, mapped location or historical records	A current opinion of market value for the specific property
Online estimate or AVM output	A model-generated indication based on available variables and data	That the property, rights, condition, legal use and comparables were verified by a licensed professional
Broker or owner price indication	A marketing view, negotiation position or asking price	A completed arm's-length transaction or independent valuation opinion
Professional appraisal	An opinion of value developed for a defined purpose, basis, date and property interest	A guarantee that the property will transact at the appraised amount

A professional appraisal begins by defining the assignment. What property rights are being valued? Is the subject freehold ownership, a leasehold interest, a partial interest, an easement-affected property or a development site? What is the valuation date? What is the intended use? Which basis of value applies? What investigations are necessary?

An online form usually begins somewhere else: with the data fields its model can accept.

That difference matters. A model can only analyze what it receives and what it has been designed to recognize. A professional appraiser must decide whether the available information is sufficient, relevant and reliable for the actual valuation purpose.

2. Why the Number Feels More Certain Than It Is

Precision is not the same as accuracy.

A result displayed as **₱28,500,000** feels more authoritative than a range. Yet the last five digits may simply reflect the way a model calculates—not the true degree of certainty in the market.

Real estate markets are imperfect. Properties are heterogeneous, information can be incomplete, transactions may be private, and unusual terms can distort apparent prices. In many Philippine submarkets, asking prices are easier to find than verified completed transactions. A large database may still contain duplicate listings, stale advertisements, incorrectly classified properties, unrecorded renovations or offers that never became sales.

This creates a critical difference between **data volume** and **evidence quality**. IVS includes separate requirements for data and inputs, valuation models, documentation and reporting because a model is only one part of the valuation process.[2]

A sophisticated algorithm can be consistently wrong if its input data are wrong, incomplete or mismatched to the subject property. It can also be statistically strong for ordinary properties while being unreliable for unusual sites, redevelopment opportunities, properties with legal complications or locations undergoing rapid change.

3. What AI Can Do Well—and Where Professional Judgment Begins

Cuervo Appraisers does not take an anti-technology position. AI and automated tools can improve valuation practice when they are used responsibly.

AI or automated tool can assist with	A licensed appraiser must still determine
Organizing large property datasets	Whether the data are relevant, current and reliable
Detecting patterns and outliers	Whether an apparent outlier is an error or a meaningful market signal
Mapping locations and distances	Whether actual access, frontage, congestion and micro-location create economic differences
Producing statistical estimates	Whether the model is appropriate for the asset, market and valuation purpose
Retrieving possible comparables	Whether the properties truly compete with the subject and whether transactions are arm's length
Performing calculations consistently	Whether assumptions, adjustments and methods are reasonable
Drafting portions of a report	Whether the final analysis is accurate, transparent and defensible

The distinction is not **human versus machine**. It is **unverified output versus professionally governed use of technology**.

RICS's global responsible-use standard for AI, effective 9 March 2026, requires surveyors to assess the reliability of AI outputs, apply professional scepticism and remain accountable for their work. It also emphasizes governance, risk management, transparency and client communication.[5]

A licensed appraiser may use AI. What the appraiser cannot do is transfer professional responsibility to the software.

4. What an Online Model May Not See

A model may know a property's approximate location, declared area and advertised classification. It may not know what a site inspection, title review, planning analysis and market investigation reveal.

Consider the questions behind an apparently simple land value:

Dimension	Questions that can materially affect value
Property rights	What interest is being valued? Are there easements, restrictions, leases, adverse claims or encumbrances?
Identification	Does the mapped parcel match the title, technical description and actual occupation?
Access and frontage	Is access legal and usable? How wide is the frontage? Is the road public, private, congested or physically constrained?
Shape and topography	Is the site irregular, steep, landlocked, below road level or expensive to develop?
Flood and environmental exposure	Does the property flood? Are there drainage, geotechnical, contamination or hazard concerns?
Improvements	What is the actual condition, age, quality, code compliance and remaining economic life of the improvements?
Legal use and highest and best use	Is the existing or proposed use legally permissible, physically possible, financially feasible and maximally productive?
Comparable evidence	Were the comparables actually sold? When? On what terms? Were the parties related or under pressure?
Market conditions	Is the locality stable, declining, speculative or transitioning because of infrastructure and land-use change?
Uncertainty	How sensitive is the conclusion to assumptions, missing evidence or rapidly changing conditions?

The model may infer some of these characteristics. A professional appraisal must determine whether they were adequately investigated, disclosed and reflected.

5. What IVSC and RICS Actually Say

The most credible public message is not that AI is forbidden. It is that technology does not eliminate the requirements of professional valuation.

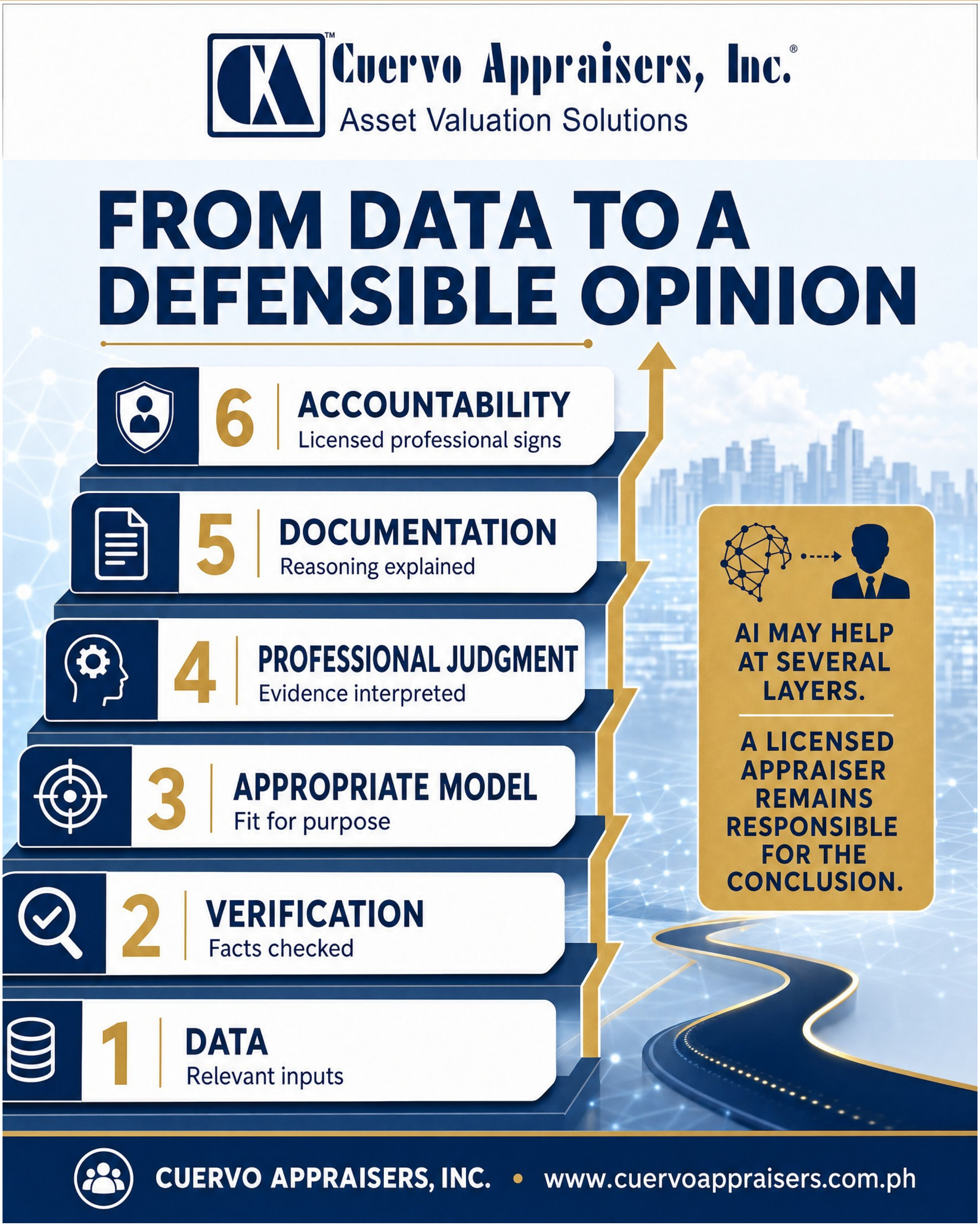
IVSC's 2025 AI paper describes opportunities in data sourcing, analysis, model generation and report preparation while identifying risks involving transparency, quality control, confidentiality, governance, explainability and reliability.[1]

> **"AI can be a powerful tool to support valuers, it cannot replace them."** — International Valuation Standards Council[1]

RICS Red Book Global Standards are even more explicit in the context of written valuations:

> **"No model without the valuer applying professional judgement, for example an automated valuation model (AVM), can produce an IVS-compliant valuation."** — RICS Red Book Global Standards, quoting IVS 105[3]

The Red Book then explains that output from an AVM, valuation software, automated process or AI is only regarded as a written valuation under the standards when a valuer has additionally applied professional judgment in accordance with the mandatory requirements.[3]



The standards therefore establish a hierarchy:

1. **Data** must be relevant and sufficiently reliable.
2. **Models** must be appropriate for the purpose.
3. **Investigations** must be proportionate to the assignment.
4. **Professional judgment** must be applied to the evidence and output.
5. **Documentation and reporting** must explain the work and conclusion.
6. **An identifiable valuer** must accept responsibility.

AI may operate at several levels in that hierarchy. It does not become the accountable professional at the top of it.

6. Why Philippine Law Matters

Republic Act No. 9646, the Real Estate Service Act of the Philippines, places real estate appraisal within a regulated profession. The law defines an appraiser or valuer through the qualifications, license, ability and experience necessary to execute or direct real-property valuation. It further defines a real estate appraiser as a duly registered and licensed natural person who provides an opinion of real estate value through an acceptable written report.[6]

Section 29 prohibits unauthorized practice or representations of qualification to practise real estate service without the required registration, professional identification card or permit. Section 32 regulates corporate practice and requires an SEC-registered entity whose authorized practitioners are duly registered and licensed.[6]

This does **not** mean that every website displaying property information is automatically unlawful. A database can provide information. A software company can provide tools. An online platform can publish an indicative calculation.

The regulatory question becomes more serious when an automated provider markets or represents its output as a professional real estate appraisal or opinion of value for compensation without the required professional accountability. Whether a particular service crosses that legal line is a matter for the appropriate regulators and, where necessary, the courts.

The public should therefore focus on substance rather than labels. Calling an automated output a “valuation report” does not by itself make it a regulated professional appraisal.

7. Three Numbers People Often Confuse with Market Value

7.1 The asking price

An asking price is an offer to sell, not proof of a completed transaction. A property advertised at ₱100,000 per square meter may eventually sell at a lower figure, on unusual terms or not at all.

Listings are useful evidence because they reveal supply, seller expectations and competing properties. They must be verified and interpreted—not automatically adopted.

7.2 The BIR zonal value

BIR zonal values are important for tax administration and property transactions. They are not automatically the market value of an individual property.

In a 2014 expropriation decision, the Supreme Court explained that zonal valuation may be an index or factor in real-property valuation, but cannot by itself be the sole basis of just compensation; property-specific differences and other reliable evidence must be considered.[9]

Two properties in the same zonal classification can differ materially because of frontage, access, shape, corner influence, topography, flooding, easements, improvements, occupancy, development potential and immediate micro-location.

7.3 The online estimate

An online estimate reflects the model, dataset, date and variables available to the system. It may be useful as an initial reference. It does not automatically prove that the particular property was identified correctly, inspected, legally analyzed or compared with verified market transactions.

The same principle applies to all three numbers: **useful information is not always a final opinion of value.**

8. When an Online Estimate May Be Useful

An online estimate can be appropriate when the user needs a preliminary orientation rather than a formal valuation conclusion. Examples include early-stage research, broad portfolio screening, checking whether a price request is within a plausible range, identifying properties that warrant closer review, or monitoring general market movement.

The user should still ask three questions:

Question	Why it matters
What data produced the estimate?	Asking prices, verified sales, tax data and modelled values are not equivalent evidence.
How current and local is the model?	Performance in one city, property type or price range may not transfer to another.
What decision will depend on the number?	The greater the financial, legal or regulatory consequence, the less appropriate it is to rely on an unreviewed automated output.

The correct use of an online estimate is not “believe it” or “ignore it.” It is **understand its purpose and limitations**.

9. When to Insist on a Licensed Appraiser

A licensed appraiser should be engaged when the opinion of value will influence a consequential decision or must withstand scrutiny. Typical examples include lending and collateral, acquisition or disposal, financial reporting, taxation and estate settlement, litigation, expropriation, insurance, mergers and acquisitions, shareholder transactions, regulatory submissions, public-company matters and unusual or specialized properties.

Philippine institutional rules illustrate why accountability matters. For covered transactions, SEC and PSE frameworks require qualified or accredited appraisal companies and impose safeguards involving professional signatories, institutional experience, audited financial information, capital, professional liability insurance, conflicts and integrity.[7] [8]

These requirements do not exist because arithmetic is difficult. They exist because a valuation conclusion can affect lenders, investors, shareholders, taxpayers, courts and public markets.

A professional appraisal carries something an anonymous output cannot independently provide: **a responsible party who can explain the evidence, reasoning and conclusion.**

10. Ten Questions to Ask Before You Rely on a Property Value

No.	Question	What a credible answer should identify
1	Who prepared the opinion?	The individual licensed appraiser and, where applicable, the appraisal company
2	Can the license be verified?	A current PRC record; the PRC provides an online registry search by name or license number[10]
3	What exactly is being valued?	The property, rights and interest included in the assignment

No.	Question	What a credible answer should identify
4	What is the valuation date?	The specific date to which the opinion applies
5	What is the intended use?	Lending, sale, reporting, taxation, litigation or another defined purpose
6	What basis of value applies?	Market value or another clearly defined basis appropriate to the purpose
7	Was the property inspected or otherwise investigated?	The extent of inspection, limitations and assumptions
8	What evidence supports the conclusion?	Verified transactions, relevant market data, property documents and technical information
9	How were differences and uncertainty handled?	Adjustments, assumptions, limitations, sensitivity and reconciliation
10	Who accepts responsibility?	An identifiable professional who signs or certifies the report and can defend the conclusion

A glossy document is not enough. A credible appraisal should allow the intended user to understand what was done, why it was appropriate and where the limitations lie.

11. The Real Difference Is Defensibility

An estimate produces a number. A professional valuation produces an opinion that someone must be prepared to explain and defend.

The appraiser may need to explain why certain comparables were selected, why others were rejected, why adjustments were made, why a method was appropriate, how assumptions affected the result and how uncertainty was treated.

That process cannot be reduced entirely to computation because property markets are imperfect and evidence is rarely complete. Professional judgment exists precisely where the data require interpretation.

Imagine a bank credit committee, regulator, auditor, court, investor or tax authority asks:

“Why is this property worth ₱100 million?”

“The algorithm calculated it” is not a complete professional answer.

The more defensible answer identifies the asset and rights, establishes the purpose and date, verifies relevant facts, analyzes reliable evidence, applies appropriate methods, discloses assumptions and uncertainty, and places responsibility on a qualified professional.

Conclusion: Use AI—But Know What You Are Buying

AI will continue to improve. Automated estimates will become faster, more personalized and, in many ordinary cases, more accurate. Professional appraisers should use appropriate technology to improve research, consistency, analysis and service.

But better technology does not erase the distinction between **an estimate** and **an appraisal**.

The question is not whether a computer can produce a number. The question is whether the output has been developed and reviewed for the actual property, purpose and date; whether the evidence has been verified; whether professional judgment has been applied; and whether an identifiable licensed appraiser accepts responsibility.

A model can generate a number. A licensed appraiser must explain—and defend—an opinion.

About Cuervo Appraisers, Inc.

Cuervo Appraisers, Inc. is a Philippine asset-valuation company with more than four decades of professional experience. Its work spans real property, plant and machinery, business and specialized assets, supported by disciplined scope definition, market evidence and transparent valuation methodology.

Cuervo Appraisers, Inc.

Email: info@cuervoappraisers.com.ph

Website: www.cuervoappraisers.com.ph

Cuervo Appraisers independently publishes historical capital value trend studies based on infrastructure and urban development patterns across Philippine growth corridors.

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